

AMENDED IN SENATE JUNE 13, 2000

AMENDED IN SENATE JULY 14, 1999

AMENDED IN ASSEMBLY MAY 28, 1999

AMENDED IN ASSEMBLY MAY 10, 1999

AMENDED IN ASSEMBLY APRIL 5, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 484

Introduced by Assembly Members Kuehl and Wildman
(Coauthors: Assembly Members Bates, Battin, Briggs,
Calderon, Campbell, Knox, Leach, Nakano, Romero, and
Scott)

(Coauthors: Senators Alarcon, Schiff, and Solis)

February 18, 1999

~~An act to add and repeal Sections 17053.35 and 23623 of the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor, to take effect immediately, tax levy.—An act to add Chapter 1.4 (commencing with Section 15363.70) to Part 6.7 of Division 3 of Title 2 of the Government Code, relating to economic development, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 484, as amended, Kuehl. ~~Income and bank and corporation taxes; credit; qualified television programs and motion pictures—~~*Film California First Program.*

(1) Existing law provides for various programs within the Trade and Commerce Agency for the development and promotion of the film industry in the state.

This bill would enact the Film California First Program, to authorize the agency to pay and reimburse specified film costs incurred by a public agency, as defined, up to \$300,000 for any one film. It would create the Film California First Fund in the State Treasury, and continuously appropriate moneys deposited in the fund to the agency for purposes of the program. It would state the intent of the Legislature that funding for the program be provided from the General Fund through the annual Budget Act in the amount of \$15,000,000 per year for 3 years, commencing with the 2000–01 fiscal year.

(2) The Administrative Procedure Act sets forth certain procedures for the adoption, amendment, or repeal of administrative regulations, including emergency regulations.

This bill would exempt procedures and guidelines promulgated to clarify and make specific the program established pursuant to the bill, and any other film assistance program within the agency, from the requirements of the act for 24 months after the effective date of the bill. It would authorize the agency to adopt emergency regulations concerning the implementation of the program in accordance with the act following the 24-month exemption period.

~~The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by those laws.~~

~~This bill would, contingent upon the maintenance of certain foreign financial incentives for movie and television productions, authorize a credit against those taxes for each taxable and income year beginning on or after January 1, 2000, and before January 1, 2003, in an amount equal to 10% of the total amount paid or incurred by the taxpayer during the taxable or income year for qualified wages and salaries paid by the taxpayer in connection with a qualified television program or motion picture, or musical scoring session, as provided.~~

~~This bill would make that portion of the credit that is in excess of the taxpayer's tax liability refundable.~~

~~This bill would require those amounts, determined by the Franchise Tax Board to be necessary to make these refunds, to be continuously appropriated, as provided, to the Franchise Tax Board for the purpose of making the refunds. This authorization for the expenditure of funds for a new purpose would constitute an appropriation.~~

~~This bill would take effect immediately as a tax levy.~~

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 17053.35 is added to the Revenue~~

2 *SECTION 1. Chapter 1.4 (commencing with Section*
3 *15363.70) is added to Part 6.7 of Division 3 of Title 2 of the*
4 *Government Code, to read:*

5
6 *CHAPTER 1.4. FILM CALIFORNIA FIRST PROGRAM*
7

8 *15363.70. This chapter shall be known and may be*
9 *cited as the Film California First Program.*

10 *15363.71. (a) The Legislature finds and declares as*
11 *follows:*

12 *(1) The entertainment industry is one of California's*
13 *leading industries in terms of employment and tax*
14 *revenue.*

15 *(2) While film, television, and commercial production*
16 *in California has expanded over the years, other states*
17 *and countries actively compete for California production*
18 *business. It is generally acknowledged that certain*
19 *segments of the industry, mainly film and television*
20 *production, are especially hard hit in California. The*
21 *Legislature finds that this is due to assertive efforts of*
22 *other states and countries, offering various incentives for*
23 *filming outside of California. As a result of increased*
24 *marketing efforts by other states and countries,*
25 *unemployment in certain film industry sectors and a*
26 *reduction of film business has occurred within California.*

27 *(3) Recognizing the vital role the entertainment*
28 *industry plays in California's economy, legislation*

1 enacted in 1985 created the California Film Commission
2 within the Trade and Commerce Agency to facilitate,
3 retain, and attract filming in California.

4 (4) In order to stop the decline of California film
5 production, it is necessary and appropriate to assist in the
6 underwriting of actual costs incurred by production
7 companies to film in California and to provide
8 opportunities for production companies and other film
9 industry companies to lease property owned by the State
10 of California at below market rates.

11 (5) Providing the funds designated under this
12 program, and leasing property owned by the State of
13 California at below market rates is in the public interest
14 and serves a public purpose, and providing incentives to
15 production companies and other film industry companies
16 will promote the prosperity, health, safety, and welfare of
17 the citizens of the State of California.

18 (b) It is the intent of the Legislature that funding for
19 the program be provided from the General Fund through
20 the annual Budget Act in the amount of fifteen million
21 dollars (\$15,000,000) per year for three years,
22 commencing with the 2000–01 fiscal year.

23 15363.72. For purposes of this chapter, the following
24 meanings shall apply:

25 (a) “Agency” means the Trade and Commerce
26 Agency, which includes the California Film Commission.

27 (b) “Film” means any commercial production for
28 motion picture, television, commercial, or still
29 photography.

30 (c) “Film costs” means the usual and customary
31 charges by a public agency connected with the
32 production of a film, as well as any of the following costs:

33 (1) State employee costs.

34 (2) Federal employee costs.

35 (3) Federal, state, University of California, and
36 California State University permits and rental costs.

37 (4) Local public entity employee costs for fire services
38 and nonpolice public safety, including, but not limited to,
39 municipal utilities, transportation and street
40 maintenance, and recreational agencies.

1 (5) *Local property use fees.*

2 (d) *“Fund” means the Film California First Fund,*
3 *established pursuant to Section 15363.74.*

4 (e) *“Production company” means a company,*
5 *partnership, or corporation, engaged in the production of*
6 *film.*

7 (f) *“Program” means the Film California First*
8 *Program established pursuant to this chapter.*

9 (g) *“Public agency” means any of the following:*

10 (1) *The State of California, and any of its agencies,*
11 *departments, boards, or commissions.*

12 (2) *The federal government, and any of its agencies,*
13 *departments, boards, or commissions.*

14 (3) *The University of California.*

15 (4) *The California State University.*

16 (5) *California local public entities.*

17 (6) *Any nonprofit corporation acting as an agent for*
18 *the recovery of costs incurred by any of the entities listed*
19 *in this subdivision.*

20 15363.73. (a) *The agency may pay and reimburse the*
21 *film costs incurred by a public agency, subject to audit.*
22 *Payment may be made either directly to the public*
23 *agency or to the production company that has paid the*
24 *public agency costs. The agency shall only reimburse*
25 *actual costs incurred and may not reimburse for*
26 *duplicative costs.*

27 (b) *Notwithstanding any other provision of law, the*
28 *Controller shall pay any program invoice received from*
29 *the agency that contains documentation detailing the*
30 *film costs, and if the party requesting payment or*
31 *reimbursement is a public agency, a certification that the*
32 *invoice is not duplicative cost recovery, and an*
33 *agreement by the public agency that the agency may*
34 *audit the public agency for invoice compliance with the*
35 *program requirements.*

36 (c) (1) *Not more than three hundred thousand*
37 *dollars (\$300,000) shall be expended to pay or reimburse*
38 *costs incurred on any one film.*

39 (2) *The agency may, in consultation with*
40 *entertainment industry groups representing actors,*

1 *directors, producers, trade unions, and equipment*
2 *suppliers, establish reasonable limits on the per-day film*
3 *costs that the state will reimburse, when implementing*
4 *this program.*

5 *15363.74. (a) The Film California First Fund is*
6 *hereby established in the State Treasury.*

7 *(b) The following moneys shall be paid into the fund:*

8 *(1) Any moneys appropriated and made available by*
9 *the Legislature for the purposes of this chapter.*

10 *(2) Any other moneys that may be made available to*
11 *the agency for the purpose of this chapter from any other*
12 *source, including the return from investments of moneys*
13 *by the Treasurer.*

14 *(c) All moneys deposited in the fund are hereby*
15 *continuously appropriated, without regard to fiscal years,*
16 *to the agency for the purposes of this chapter.*

17 *15363.75. Procedures and guidelines promulgated to*
18 *clarify and make specific provisions of the program*
19 *established pursuant to this chapter, or of any other film*
20 *assistance program within the agency, shall be exempt*
21 *from the requirements of Chapter 3.5 (commencing with*
22 *Section 11340) of Part 1 for a period of 24 months after the*
23 *effective date of this chapter. Following the 24-month*
24 *exemption, the agency may adopt regulations concerning*
25 *the implementation of this chapter as emergency*
26 *regulations in accordance with Chapter 3.5*
27 *(commencing with Section 11340) of Part 1. The adoption*
28 *of these regulations is an emergency and necessary for the*
29 *immediate preservation of the public peace, health and*
30 *safety, or general welfare within the meaning of*
31 *subdivision (b) of Section 11346.1. Notwithstanding*
32 *subdivision (e) of Section 11346.1, the regulations shall*
33 *not remain in effect for more than 180 days unless the*
34 *agency complies with all provisions of Chapter 3.5*
35 *(commencing with Section 11340) of Part 1, as required*
36 *by subdivision (e) of Section 11346.1.*

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**All matter omitted in this version of the
bill appears in the bill as amended in the
Senate, July 14, 1999 (JR 11)**

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